



LINDA S. ADAMS
SECRETARY FOR ENVIRONMENTAL
PROTECTION

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD



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September 15, 2009

Wayne Bulsiewicz
Veolia ES Technical Solutions, LLC
5736 W. Jefferson Street
Phoenix, AZ 85043

RE: FINAL AUDIT REPORT – VEOLIA ES TECHNICAL
SOLUTIONS, LLC CEWID 102323

Dear Mr. Bulsiewicz:

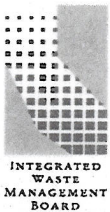
Enclosed is the final audit report of Veolia ES Technical Solutions, LLC, Covered Electronic Waste Collection Program. The audit was planned and performed to determine conformance with the regulations resulting from the Electronic Waste Recycling Act of 2003. The period of review for this audit was January 1, 2007 through December 31, 2007.

The audit disclosed the following findings:

1. Collection Log Not Created Upon Collection of CEW;
2. Certified Weight Ticket Not Signed;
3. Net Cost Report Not Submitted to CIWMB; and
4. Reasonable Efforts Not Made to Verify CEW Collected From California Sources.

The response by Veolia ES Technical Solutions, LLC, dated July 27, 2009 to the draft audit report has been included in this final report, along with our evaluation of the response.

(over)



Wayne Bulsiewicz
September 15, 2009
Page 2

The response addressed your corrective action for Findings 1, 2, 3, and 4.

A copy of this letter is being forwarded to the E-Waste Program for information and any necessary action, if required.

If you have any questions regarding this report, please contact Gladys Onejeme, Staff Services Management Auditor, at (916) 324-6892 or gonejeme@ciwmb.ca.gov

Sincerely,



Susan R. Villa, Branch Manager
Fiscal Services Branch
Administration and Finance Division

Enclosure

Cc: Jeff Hunts, Manager, E-Waste Branch, CIWMB
Gladys Onejeme, Auditor, Audits and Evaluations Unit, CIWMB
CIWMB Audits and Evaluations Unit File

AN ELECTRONIC-WASTE AUDIT

Veolia ES Technical Solutions, LLC

E-Waste Recovery and Recycling Fund

Final Audit Report

**Recycler Payment Claim: E-World
Recyclers**

**For the Period January 1, 2007
through December 31, 2007**

**Prepared By:
California Integrated Waste Management Board
Audits and Evaluations Unit**

September 2009

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AUDIT REPORT

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Audit Report
Veolia ES Technical Solutions, LLC. CEWID 102323
Period Audited: January 1, 2007 through December 31, 2007

Audit Start Date: March 10, 2009

Physical Address: 5736 W. Jefferson Street
Phoenix, AZ 85043

Contact Person: Wayne Bulsiewicz

Phone Number: (602) 233-2955

E-Mail Address: wayne.bulsiewicz@veoliaes.com

Auditor: Gladys Onejeme

SUMMARY

The California Integrated Waste Management Board (CIWMB) processed and paid a claim, in the amount of \$187,922.40, submitted by E-World Recyclers (an e-waste recycler). Veolia ES Technical Solutions, LLC (an e-waste collector) provided covered electronic waste (CEW), in the amount of \$2,738.40, to E-World Recyclers for payment. The payments issued by the CIWMB are funded by the E-Waste Recovery and Recycling Fund.

Audits and Evaluations Unit auditor Gladys Onejeme reviewed records related to the appropriateness of expenditures of state recovery and recycling funds, for the period of January 1, 2007 through December 31, 2007.

BACKGROUND

Veolia ES Technical Solutions, LLC, operates across a wide range of waste management technologies, from initial collection to final recycling or recovery. Veolia has two locations as follows: 1) 5736 W. Jefferson Street, Phoenix, AZ 85043; and 2) 8310 Umbra Avenue, Suite 500, Sacramento, CA 95828.

OBJECTIVE, SCOPE, AND METHODOLOGY

We conducted the audit to determine whether Veolia ES Technical Solutions, LLC, complied with CEW reporting, recordkeeping, and payment requirements, as specified by the California Public Resources Code, Section 42460, et seq., and the California Code of Regulations (CCR), Title 14, Chapter 8.2.

The audit scope included, but was not limited to, an evaluation of the integrity of electronic waste recycling claims submitted to the CIWMB for payment, and an assessment of operational and regulatory compliance by the collector.

The audit was conducted in accordance with Government Auditing Standards. The standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

CONCLUSION

The following audit findings were identified:

FINDING 1 - Collection Log for CEW Not Created at the Time CEW is Collected

Veolia ES Technical Solutions, LLC, did not create collection logs for CEW at the time of collection.

Title 14, CCR, Section 18660.20(j)(1), states in part that, "In addition to the general recordkeeping requirements in Section 18660.8 of this Chapter, an approved collector shall maintain the following records: A collection log containing...."

RECOMMENDATION:

The Veolia ES Technical Solutions, LLC, should maintain collection logs to record CEW at the time of collection.

FINDING 2 - Certified Weight Ticket Not Signed

Veolia ES Technical Solutions did not have the weighmaster signature on the certified weight ticket.

Title 14, CCR, Section 18660.20(j)(2)(B), states, "Records of transfers by load to, and recovery payments from, approved recycler, including: (B) Signed and dated receipts showing the number and weight of CEWs transferred. The approved collector shall identify and record each approved recycler using the name and identification number from the recycler's proof of approval."

RECOMMENDATION:

The Veolia ES Technical Solutions should obtain and retain the certified weight tickets from the recycler with a signature from the weighmaster.

FINDING 3 - Net Cost Report Not Submitted to the CIWMB

Veolia ES Technical Solutions did not submit the 2008 Net Cost Report to the CIWMB.

Title 14, CCR, Section 18660.10(g), states, "The net cost report shall be submitted to the CIWMB on or before March 1, 2006, and each year thereafter."

RECOMMENDATION:

The Veolia ES Technical Solutions should submit the 2008 Net Cost Report to the CIWMB.

FINDING 4 - Reasonable Efforts Not Made to Verify CEW Collected From California Sources

Veolia ES Technical Solutions is not making reasonable efforts to verify whether CEW was collected from California sources.

Title 14, CCR, Section 18660.20(c), specifies that, "An approved collector shall make reasonable efforts to determine if CEWs it collects are from California sources are from non-California sources and shall keep track of those materials separately."

RECOMMENDATION:

The Veolia ES Technical Solutions should make reasonable efforts to determine whether CEW collected is from California sources.

RESTRICTED USE

This report is intended for the information and use of the CIWMB and Veolia ES Technical Solutions management. However, this report is a matter of public record and distribution is not limited.

FINDING 3 - Net Cost Report Not Submitted to the CIWMB

Veris ES Technical Solutions did not submit the 2008 Net Cost Report to the CIWMB.

The 14 CCR, Section 18860.10(g), states, "The net cost report shall be submitted to the CIWMB on or before March 1, 2008, and each year thereafter."

RECOMMENDATION:

The Veris ES Technical Solutions should submit the 2008 Net Cost Report to the CIWMB.

FINDING 4 - Reasonable Effort Not Made to Verify CEW Collected From California Sources

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Veris ES Technical Solutions did not make a reasonable effort to verify whether CEW was collected from California sources.

The 14 CCR, Section 18860.10(g), specifies that "An approved collector shall make reasonable efforts to determine if CEWs it collects are from California sources and from non-California sources and shall keep track of these materials separately."

RECOMMENDATION:

The Veris ES Technical Solutions should make reasonable efforts to determine whether CEW collected is from California sources.

RESTRICTED USE

This report is intended for the information and use of the CIWMB and Veris ES Technical Solutions management. However, this report is a matter of public record and distribution is not limited.

RESPONSE TO AUDIT REPORT

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**TECHNICAL SOLUTIONS
NORTH AMERICA**

July 27, 2009

Ms. Gladys Onejeme
Staff Services Management Auditor
California Integrated Waste Management Board
P.O. Box 4025 MS 19A
Sacramento, CA 95812-4025

**RE: Draft Audit Report
Veolia ES Technical Solutions, L.L.C. (CEWID 102323)**

Ms. Onejeme:

Upon review of the Draft Audit Report, Veolia ES Technical Solutions, L.L.C. (VES-TS) has the following comments:

Finding 1: Collection Log for CEW not being created at the time CEW is collected. 18660.20(j)(1)

In the future, VES-TS will create the collection log at our Sacramento 10-Day in Transit Facility. The collection log will be created upon return of the driver from waste collections. In the past verification of electronic waste shipped and received has been by the use of signed shipping documents with the collection log being created at the VES-TS facility in Phoenix, AZ.

Finding 2: Certified Weight Ticket is not being signed. 18660.20 (j)(2)(B).

As previously discussed during the site audit, VES-TS has been instructed by E-World Recyclers (CEW ID 105337) that the Weighmaster Certificate issued from E-World with the electronic signature at the bottom meets the requirements of the Electronic Waste Recovery Regulation 18660.20 (j)(2)(B).

Copy of E-World Recyclers Weighmaster Certificate, with electronic signature attached.

Please advise in writing if this is not correct.

Finding 3: Net Cost Report 2008 not being submitted to the CIWMB.

VES-TS has submitted the 2008 Net Cost Report on May 1, 2009. (See attached)



Finding 4: Reasonable efforts are not being made to determine CEW collected is from California Sources.

14 CCR 18660.20(c) An approved collector shall make reasonable efforts to determine if CEWs it collects are from California sources or from non-California sources and shall keep track of those materials separately. Reasonable efforts may include any of the following, but are not limited to:

- (1) Posting signs and asking consumers.*
- (2) Conducting spot checks and/or surveys.*
- (3) Checking for a valid California identification of a person, a California license plate on a vehicle, and/or a bill of lading showing a California origin.*
- (4) Requiring additional documentation from consumers or collectors delivering large numbers of CEWs."*

Since the majority of our collections are from businesses in the State of California would the CIWMB be agreeable to VES-TS having our customers signing a certification which states the electronic waste is from a California source?

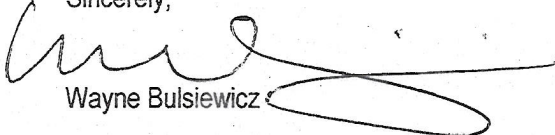
Does the CIWMB have any sample certifications that would meet the criteria of 14 CCR 18660.20(c)?

Should you have any questions, please contact me at (602) 233-2955 or via e-mail at wayne.bulsiewicz@veoliaes.com.

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based upon my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Should you have any questions, please contact me at (602) 233-2955.

Sincerely,



Wayne Bulsiewicz

EHS Manager
VES-TS Phoenix, AZ



**E-WORLDTM
RECYCLERS**

Receiving Report

Page 1 of 1

E-World Recyclers

2480 Ash St.

Vista, Ca 92081

Phone: (760) 599-0888

Fax: (760) 599-0840

customerservice@eworldrecyclers.com












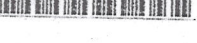
Vendor

Veolia ES Tech. Solutions
5736 W. Jefferson St.
Phoenix, AZ 85043

CEW ID: 102323

Load of CRT Materials

Received	Contact	Received by	PO Number	Shipment	Invoice
6/10/2009	Michael Bomgardner	Craig Rieger	98955	6471	40539

Truck/Item	Pallet/Unit Number	Description	Qty/Weight	Tare	Total Weight
1 - 1	62941	 CRT Materials	1,071 lbs	40 lbs	1,031 lbs
1 - 2	62942	 CRT Materials	1,218 lbs	40 lbs	1,178 lbs
1 - 3	62943	 CRT Materials	1,531 lbs	40 lbs	1,491 lbs
1 - 4	62944	 CRT Materials	1,453 lbs	40 lbs	1,413 lbs
1 - 5	62945	 CRT Materials	1,327 lbs	40 lbs	1,287 lbs
1 - 6	62946	 CRT Materials	1,314 lbs	40 lbs	1,274 lbs
1 - 7	62947	 CRT Materials	1,153 lbs	40 lbs	1,113 lbs
1 - 8	62948	 CRT Materials	951 lbs	40 lbs	911 lbs
1 - 9	62949	 CRT Materials	1,176 lbs	40 lbs	1,136 lbs
1 - 10	62950	 CRT Materials	1,088 lbs	40 lbs	1,048 lbs
1 - 11	62951	 CRT Materials	1,529 lbs	40 lbs	1,489 lbs
1 - 12	62952	 CRT Materials	1,494 lbs	40 lbs	1,454 lbs

CEW Sub Totals	15,305 lbs	480 lbs	14,825 lbs
Sub Totals	15,305 lbs	480 lbs	14,825 lbs

Weight Legend:
lbs: Pound
kg: kilogram
ton: Ton

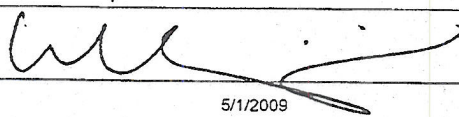
WEIGHMASTER DEPUTY: Craig Rieger

WEIGHMASTER CERTIFICATE:

THIS IS TO CERTIFY that the following described commodity was weighed, measured, or counted by a weighmaster, whose signature is on this certificate, who is a recognized authority of accuracy, as prescribed by Chapter 7 (commencing with Section 12700) of Division 5 of the California Business and Professions Code, administered by the Division of Measurement Standards of the California Department of Food and Agriculture.

Form 220 - Annual CEW Net Cost Report

Important: Review the Guide to Net Cost Reporting in full prior to completing. Attach Net Cost Estimation Worksheets (Forms 220A for collectors and 220B for recyclers).

Line	Contact Information	
1	Organization Name	Vaolia ES Technical Solutions, L.L.C.
2	CEW ID Number	102323
3	Type of Entity (Collector, Recycler, or Dual Entity)	Collector
4	Affiliated Approved Collectors or Recyclers (List CEW ID and firm name, location) Note: Each CEW ID must submit a separate net cost report.	E-World Recyclers CEW ID 105337
5	Mailing Address (Street, City, State, Zip)	5736 W. Jefferson ST. Phoenix, AZ 85043
6	Physical Address (Street, City, State, Zip) If same as mailing address, enter "same."	Same
7	Contact Person for Net Cost Report	Wayne Bulsiewicz
8	Title	EHS Manager
9	Phone Number for Contact Person	602-233-2955
10	Email Address for Contact Person	wayne.bulsiewicz@veoliaes.com
11	Fax Number for Contact Person	602-233-6883
12	Date of Report Preparation	5/1/2009
13	Reporting Period	Year 2008
Net Cost Summary		
Important: You must complete the Cost Estimation Worksheets (Form 220A for recovery and Form 220B for recycling) prior to filling in lines 14 - 19 below. See instructions in the Guide to Net Cost Reporting.		
	Recovery of CEW	Recycling of CEW
	Collectors and Dual Entities Complete	Recyclers and Dual Entities Complete
	A	B
14	Enter a check mark if you did not handle CEW in the reporting year that was subject to reimbursement through the State's Covered Electronic Waste Payment System. Skip to line 20.	
15	Total Revenues for CEW Recovery and/or Recycling From Line 4A on Forms 220A (recovery) and 220B (recycling). Include only CEW-related revenues. Exclude CIWMB payments.	\$10,507.03
16	Total Costs for CEW Recovery or Recycling From Line 26A on Form 220A (recovery) or Form 220B (recycling). Include only CEW-related costs. Exclude pass through of CIWMB payments to collectors.	\$62,760.10
17	Net Costs (Line 16 minus Line 15)	\$52,253.07
18	Total Pounds of CEW Recovered and/or Recycled (Note: Include only the volume for which you are eligible to receive CIWMB payments. See instructions.)	189,990
19	Average Net Cost per Pound (Line 17 divided by Line 18)	\$0.275
Signed Declaration		
20	Printed Name and Title of Person with Signature Authority for Net Cost Reports as Designated Pursuant to Section 18660.11.	Wayne R Bulsiewicz
21	Signature I hereby declare under penalty of perjury that this net cost report, including any and all figures, calculations and accompanying documents has been examined by me and is true, correct and complete.	
22	Date Signed	5/1/2009
23	City and State Signed	Phoenix, AZ

Form 220a - CEW Net Cost Estimation Worksheet for Collectors

Collectors and Dual Entities Must Complete

Organization Name:	Veolia ES Technical Solutions, L.L.C.
CEW ID Number:	102323
Reporting Period:	Year 2007
Date of Preparation:	5/1/2009

Important:
Review instructions in the Guide to Net Cost Reporting
prior to completing.

In Column B, briefly describe the basis for the estimates listed in Column A.

Best Estimate of Itemized
Revenue or Costs
Specifically Dedicated to
CEW Recovery

Description of Estimation Assumptions/Calculation Methods
For example: "Because CEW is 25% of material handled by weight, applied 25% to total insurance cost." If more space is needed, use Line 29.

A

B

1	Revenue from recyclers over and above the standard payment of 20 cents per pound required by the Act	\$0.00	
2	Revenue received for recovery services, such as fees charged to CEW generators	\$28,498.50	189,990 @ \$0.15/lb
3	Other Allowable Revenues (explain on Line 29)	\$0.00	
4	Total Revenue for CEW Recovery (Add lines 1 through 3. Enter on Form 220, Line 15A.)	\$28,498.50	

COSTS OF RECOVERING CEW

Labor Costs			
5	Direct Labor		
6	Indirect Labor Allocated to CEW Handling	\$4,871.00	Repackaging materials
7	Subtotal, Labor Costs (Add lines 5 and 6)	\$4,871.00	
Transportation Costs			
8	Transportation Related to Recovery of CEW from Generators	\$17,099.10	Cost as a percentage of revenue 189,990.00 @ .30 @ .30
9	Transportation from Collector Facility to Recycler Facility	\$8,450.00	13 loads @ 650.00/load
10	Subtotal, Transportation Costs (Add lines 8 and 9)	\$25,549.10	
Other Costs			
11	Advertising, Marketing, Promotion and Public Education	\$3,000.00	
12	Processing and Disposal		
13	Supplies (Include here only supplies used in collection activities. The total cost and amount of any purchased CEW should be listed in Line 29, not on Line 13.)	\$3,000.00	
14	Depreciation (excluding transportation-related)		
15	Insurance (excluding transportation-related)	\$330.00	.005 x Revenue
16	Debt Service (principal and interest payments, excluding transportation-related)		
17	Maintenance (excluding transportation-related)		
18	Fuel (excluding transportation-related)		
19	Property Taxes		
20	Utilities	\$2,400.00	200.00/month

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"Other" Costs (Continued From Previous Page)																																							
		Best Estimate of Itemized Costs Dedicated to CEW	Description of Estimation Assumptions/Calculation Methods (B)																																				
21	Facilities and Equipment Rent or Lease	\$18,000.00																																					
22	Security																																						
23	General Overhead	\$5,610.00																																					
24	Additional Costs (Identify in line 29)																																						
25	Subtotal, Other Costs (Add Lines 11 - 24)	\$32,340.00																																					
26	TOTAL COSTS FOR CEW RECOVERY (Add lines 7, 10 and 25. Enter here and on Form 220, Line 16A.)	\$62,760.10																																					
Additional Questions and Notes (Optional, but very important)																																							
27	Capital Expenditures Identify and report the amount of any capital expenditures during the reporting year, such as property, buildings, improvements, equipment or vehicles																																						
28	How many cents per pound should be added to standard payment rate in order to cover a reasonable profit. Describe your rationale under question #29. (See guidance for additional background.)																																						
29	Describe below the general approach and assumptions used to estimate revenue and costs above. Also, provide any additional explanation to clarify the methods you used to estimate revenues and costs. Cite line numbers where needed. Include here the total cost and amount of any CEW which you purchased, e.g., by passing on a portion of the standard payment to suppliers of CEW. (See instructions.)																																						
Numbers are based on actual revenue and the amount of materials collected in a given year. Some costs are historical, ie, rent and utilities.																																							
30	Identify below any unique costs or changes in affiliation/partnership associated with your operation during the reporting year. Attach additional sheets as needed. (For example, one-time start-up costs or the value of volunteer labor. See instructions.)																																						
<table border="1"> <thead> <tr> <th colspan="2">31 In the table below, identify the percent of total CEW you recovered from each type of source in the reporting year.</th> <th colspan="2">32 In the table below, identify the percent of total CEW recovered you recovered through each type of collection service.</th> </tr> <tr> <th>Source</th> <th>Percent</th> <th>Program Type</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>Residences, Individuals</td> <td></td> <td>Pick-up by Appointment (e.g., from businesses or other handlers)</td> <td>100.00%</td> </tr> <tr> <td>Commercial Businesses</td> <td>100%</td> <td>Regularly Scheduled Pick-Up (e.g., curbside service)</td> <td></td> </tr> <tr> <td>Institutional (Education/Government/etc.)</td> <td></td> <td>Permanent Drop-Off Facility</td> <td></td> </tr> <tr> <td>Other (specify):</td> <td></td> <td>Occasional Drop-Off Service (e.g., special events)</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Landfill Load Check</td> <td></td> </tr> <tr> <td></td> <td></td> <td>Other (Specify):</td> <td></td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td>Total</td> <td>100.0%</td> </tr> </tbody> </table>				31 In the table below, identify the percent of total CEW you recovered from each type of source in the reporting year.		32 In the table below, identify the percent of total CEW recovered you recovered through each type of collection service.		Source	Percent	Program Type	Percent	Residences, Individuals		Pick-up by Appointment (e.g., from businesses or other handlers)	100.00%	Commercial Businesses	100%	Regularly Scheduled Pick-Up (e.g., curbside service)		Institutional (Education/Government/etc.)		Permanent Drop-Off Facility		Other (specify):		Occasional Drop-Off Service (e.g., special events)				Landfill Load Check				Other (Specify):		Total	100.0%	Total	100.0%
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		Landfill Load Check																																					
		Other (Specify):																																					
Total	100.0%	Total	100.0%																																				
33	Identify with an "X" the types of activities carried out at your facility in addition to CEW recovery.																																						
X	Recovery of Electronic Waste other than CEW																																						
	Municipal solid waste recycling (e.g., bottles, cans, newspapers, etc.)																																						
	Municipal solid waste disposal																																						
	Household Hazardous Waste collection																																						
	Other (specify):																																						
	Not applicable - only handle CEW																																						

EVALUATION OF RESPONSE TO AUDIT REPORT

During the course of the audit, the following four findings were noted:

FINDING 1 - Collection Log Not Created Upon Collection of CEW

The auditor informed Wayne Bulsiewicz, Recycling Coordinator, that Veolia ES Technical Solutions did not create a collection log upon collection of CEW.

Veolia ES Technical Solutions responded that the company would begin creating e-waste collections logs. As a result, the finding has been resolved.

FINDING 2 - Certified Weight Ticket Not Signed

The auditor informed the Veolia ES Technical Solutions that the certified weight tickets received from the recycler does not contain a signature.

Veolia ES Technical Solutions responded with disagreement stating that E-World Recyclers informed them that the weighmaster certificate issued from E-World consisted of an electronic signature, and meets the Electronic Waste Recovery Regulation requirements.

Based on a review of the electronic signature shown on the weighmaster certificate copy provided by Veolia ES Technical Solutions, we have accepted the finding as resolved.

FINDING 3 - Net Cost Report Not Submitted to CIWMB

The auditor informed Veolia ES Technical Solutions that the 2008 Net Cost Report was not submitted to the CIWMB.

Veolia ES Technical Solutions complied with the finding above by submitting the 2008 Net Cost Report as an attachment to the response letter. Accordingly, the finding has been resolved.

FINDING 4 - Reasonable Efforts Not Made to Verify CEW Collected From California Sources

The auditor informed Wayne Bulsiewicz that Veolia ES Technical Solutions did not make reasonable efforts to verify whether the CEW collected was from California sources.

Veolia ES Technical Solutions responded with the implementation of a policy requiring customers to sign a certification, which states that CEW was collected from a California source. Accordingly, the finding has been resolved.

